

25th CONGRESS

Proposal of a general nature

81

Amendment to proposal 37

DENMARK

Resolution

Future work on the terminal dues system for 2018–2021

Congress,

Considering

the mandates given by the 2004 and 2008 Congresses to ensure that the remuneration systems to be proposed to the 25th Congress promote fulfilment of the obligation to provide universal service and preserve the integrity of the postal network,

Recognizing

that the financial relations between designated operators should take into account the environment in which the Posts operate, particularly as regards the opening of postal markets to competition,

Also recognizing

that the UPU is committed to the adoption at the worldwide level of a terminal dues system characterized by country-specific, cost-based remuneration principles,

Recalling

that the provisions of the Convention concerning terminal dues contain transitional arrangements ~~leading to with a view to~~ the adoption at the worldwide level of ~~the target system~~ a terminal dues system ~~which is characterized by country-specific, cost-based remuneration principles~~ with these characteristics,

Further recognizing

the need to ensure compatibility between the remuneration aspects of the Convention and national requirements of competition laws and regulatory obligations to avoid discrimination between senders of similar items and to align charges for universal postal services with production costs,

Aware

that the target system offers important development opportunities to the countries themselves and to the universal postal system as a whole through the link between terminal dues and quality of service and through the implementation of a quality measurement system,

Also aware

that rate cap regulation in the target system prevents fulfillment of cost-based, country-specific terminal dues rates for all the member countries therein,

Recognizing in addition

that the special situation of developing countries ~~in the transition system~~ needs to be considered very carefully ~~so that these countries join the target system gradually and in a way that the~~ in order to ensure that they are afforded development opportunities ~~offered therein are ensured~~ and to minimize the risks of negative impacts, ~~are minimized~~

Hd

3.8.2012

Noting

the results of the studies on market conditions, customer needs and impacts of terminal dues and tariff increases on designated operators,

Taking into account

~~regulatory requirements~~ and customer interests,

Mindful

of the need to seek compatibility between the remuneration aspects of letter-post services and the rules of the World Trade Organization,

Recognizing moreover

that the objective of fully applying the provisions of the target system to all countries, by the recommended deadline of 31 December 2017, requires transitional measures for new target and transition system countries (classified by the 2008 Congress into groups 1.2, 2, 3, 4 and 5),

Mindful also

of the conclusions of the external study, which found that certain provisions of the transition terminal dues system (such as the compound rate) constitute a serious challenge to postal development,

Recognizing lastly

that the Quality of Service Fund is an important resource for improving the quality of postal services provided by countries in the transition system,

Considering further

that the work should be organized in a way that will allow the associated costs to be contained,

Instructs

the Council of Administration to:

- ensure that affordable universal service and the integrity of the postal network are maintained;
- identify and report to member countries by mid-term of the Congress cycle and as a basis for possible proposals to Congress, appropriate amendments to the Convention to ensure compatibility between the remuneration aspects of the Convention and national requirements of competition laws and regulatory obligations to avoid discrimination between senders of similar items and to align charges for universal postal services with production costs;
- continue the process of gradually applying country-specific, cost-based principles for the remuneration of letter-post exchanges at the worldwide level;
- propose to Congress amendments to the Convention to ensure implementation of cost-based, country-specific terminal dues rates compatible with the main characteristics of national regulatory requirements and competition law at least for letter mail between group 1.1 countries from 2018 by, inter alia, ending cap rate regulation on mail between these countries;
- pursue the objective and process of gradually applying target system principles to new target countries for the 2018–2021 period, while ensuring that transitional measures to mitigate financial impacts are taken. Due consideration should be given to eliminating inconsistencies in the transition terminal dues system, which hamper postal development;
- assess the possibilities and propose conditions and measures that will allow group 4 and 5 countries to benefit from application of the basic provisions of the target terminal dues system during the 2018–2021 period;
- ensure, in coordination with the POC, that countries in groups 3, 4 and, especially, 5 benefit from development projects, namely quality improvement projects financed through the QSF. To that end, a report containing an assessment of development projects implemented during this cycle and a proposal for the next cycle will be submitted to the 26th Congress;
- propose a timetable or a transition principle for the full application of target system provisions by countries in groups 1.2, 2, 3, 4 and 5, taking into account the experience gained from previous transitions of countries as well as the market, customer and financial impacts involved;

- review the methodology for the classification of countries,

Also instructs

the Postal Operations Council to carry out the following work:

- Terminal dues model:
 - conduct a ~~cost~~ study aimed at establishing ~~the~~ a non-discriminatory tariff relationship between domestic ~~tariffs~~ services and the ~~cost of~~ corresponding processing of inward international mail;
 - review the formula for converting the domestic tariffs of destination countries into terminal dues rates based on an accurate linearization methodology, taking into account the special situation of countries whose domestic tariffs are set on a social basis and do not cover the cost of providing inbound letter-post delivery services, and in particular taking into consideration format-separated terminal dues rates and the possible use of lower rates for non-priority mail;
 - assess the impact of the new terminal dues rates on markets and designated operators;
 - propose remuneration for other services (such as registered and insured letters);
 - propose changes to the systems applied for the remuneration of international postal items in the destination country, with a view to their harmonization;
 - examine access pricing as an alternative remuneration system;
 - study the possibility of applying parts of the target system provisions by the transition countries on a voluntary basis.
- Statistics, accounting and operations:
 - develop operational, statistical and accounting procedures that are relevant to the terminal dues system;
 - develop operational, accounting and statistical procedures to complete the implementation of format separation of mails;
 - study the use of receptacles other than bags and its implications, including the question of gross and net weights and the management of such receptacles;
 - carry out a study on the transportation costs associated with surface mails in transit and propose land and sea transport rates to the 2014 POC;
 - review the provisions on the definition of bulk mail in the Letter Post Regulations, taking into account the reasons for their adoption and experiences resulting from their application;
- Quality of service link:
 - review the provisions governing the link between terminal dues and quality of service with respect to bonuses and penalties as well as applicable standards and targets;
 - propose a timetable for the participation of designated operators in the measurement system based on the timetable for the transition of countries to the target system;
- Quality of Service Fund:
 - ensure that appropriate levels of contributions are assigned to the countries most in need;

and report to the Council of Administration on the progress of the terminal dues work,

Further instructs

the International Bureau to:

- carry out the studies provided for in the work assigned to the CA and POC;
- implement the terminal dues system for the 2014–2017 period;
- support the work assigned to the CA and POC;

- update the Operations and Accounting Guide for terminal dues and transit charges, and undertake training activities for countries/regions in need;
- update the Transit Manual on a yearly basis;
- review the postal development indicator.

Reasons. – See Congress–Doc 20b. There is a need for the CA in its work with the development of the terminal dues system to more closely study and to propose possible amendments to the terminal dues system regulations in the Convention in order to safeguard compliance between these regulations and the main characteristics of national regulatory and competition law principles.

Supported by. – Austria, Estonia, Finland, Iceland, Italy, Nicaragua, Norway, Sweden and Switzerland.

Programme and Budget impact (PBI) statement (2013–2016)

Title of proposed resolution	Future work on the terminal dues system for 2018–2021
Doha Postal Strategy (Goal 4)	Foster sustainable development of the postal sector
Doha Postal Strategy (Programme 4.1)	Improve remuneration systems between designated postal operators
Entity or entities preparing and presenting the PBI statement	International Bureau
Period of implementation	1 January 2013 to 31 December 2016

PART 1 – Overview of goals and outcomes of proposed resolution

<i>Main goals</i>	<i>Key actions and/or indicators</i>
1 Ensure gradual transition of countries to the target TD system	Number of countries joining the target system
2 Eliminate burdens to postal development contained in the transition system	Increased number of countries applying rates per item and per kilogramme
3 Ensure that countries and the international postal system benefit from transition to the target system	Improvement in QS performance by each participating country
4 Render international postal items more competitive	Extend to new target countries application of rates per item and per kilogramme
5 Increased use of the Global Monitoring System	Quality performance results for inbound mail for all new target countries
6 Make QSF resources available for improvement of international mail quality	Amounts of QSF resources available for transition countries

PART 2 – Overview of estimated funding required for implementation of proposed resolution for the period 2013–2016

Sub-programme No.	Regular budget (first pillar)			Extrabudgetary resources (second pillar)			(third pillar)		
	Staff (m/m)		Other expenditure (CHF)	Staff (m/m)		Other expenditure (CHF)	Staff (m/m)		Other expenditure (CHF)
	P	G		P	G		P	G	
4.1	96	12	160,000						

Details/comments regarding other expenditure and extrabudgetary resources

- 80,000 CHF to be assigned for cost of 20 missions for IB staff members needed for the development of the future proposal and for raising awareness on the current TD system.
- 80,000 CHF to fund consultancy services to support studies.